

Meeting Date: 10/28/08

# AGENDA REPORT

City of Santa Clara, California

Agenda Item #



**Date:** October 6, 2008

**To:** City Manager for Council Action  
Executive Director for Redevelopment Agency Action

**From:** Housing & Community Services Division Manager

**Subject:** Fourth Amendment to the Affordable Housing Loan Agreement with Community Home Partners, LLC for the Pacific Gardens Senior Housing Project

## EXECUTIVE SUMMARY:

This is the Fourth Amendment to the Loan Agreement with Community Home Partners, LLC (CHP) for development of Pacific Gardens Senior Housing Project, located at 2384 Pacific Drive. Since the initial Loan Agreement, first executed July 9, 2002, the Agency has provided additional loans to help cover operating expenses for the purpose of reaching rent stabilization. According to the terms of the Loan Agreement, CHP was to begin making interest-only payments on July 9, 2008. CHP is requesting that the schedule for start of loan repayments be extended for an additional two-years. According to this Fourth Amendment, interest-only payments would begin July 9, 2010, the start of principal and interest payments would begin July 9, 2015, and full repayment of any outstanding principal and interest will be accomplished by July 9, 2044. During the deferral period, interest at the rate of 4% per annum will continue to accrue on the Agency's loan principal which was disbursed in 2002, 2006, and 2007.

Redevelopment Agency Special Legal Counsel has prepared the Fourth Amendment to the Loan Agreement. A copy of the Fourth Amendment to the Loan Agreement will be available in Council Offices for review.

## ADVANTAGES AND DISADVANTAGES OF ISSUE:

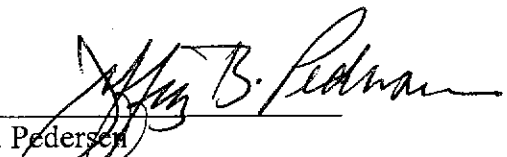
Pacific Gardens is near the point of resident occupancy to where it can meet rent stabilization, but according to CHP, the financial realities of the project are not what was originally projected. Even when the threshold census is reached, the projected revenue available for operating expenses will yield a small positive monthly cash flow, which is needed to create an operating reserve. CHP expects it will take two years of deferring Agency loan payments to build the reserve.

## ECONOMIC/FISCAL IMPACT:

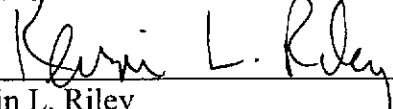
The interest-only payments, based on the debt issued and accrued interest, are estimated at approximately \$190,000 per annum. This Fourth Amendment to the Loan Agreement will defer the beginning of payments to the Agency until July 9, 2010.

**RECOMMENDATION:**

That the Council and Agency approve and authorize the City Manager\Executive Director to execute the Fourth Amendment to the Affordable Housing Loan Agreement with Community Home Partners, LLC for the Pacific Gardens Senior Housing Project.

  
\_\_\_\_\_  
Jeffrey B. Pedersen  
Housing & Community Services Division Manager

APPROVED:

  
\_\_\_\_\_  
Kevin L. Riley  
Director of Planning & Inspection

APPROVED:

  
\_\_\_\_\_  
for Jennifer Sparacino  
City Manager  
Executive Director for  
Redevelopment Agency

***Documents Related to this Report:***

***1) Fourth Amendment to Affordable Housing Loan Agreement with Community Home Partners, LLC***

CITY OF SANTA CLARA

AGENDA MATERIAL ROUTE SHEET

Council Date: Oct 28, 2008

**SUBJECT:** Fourth Amendment to Affordable Housing Loan Agreement with Community Home Partners LLC for the Pacific Gardens Senior Housing Project

**CERTIFICATION**

The proposed Fourth Amendment to Affordable Housing Loan Agreement

Regarding a two-year deferral on the start of interest-only payments to the Agency

has been reviewed and is hereby certified.

**PUBLICATION REQUIRED:** N/A

The attached Notice/Resolution/Ordinance is to be published \_\_\_\_\_ time(s) at least \_\_\_\_\_ days before the scheduled meeting/public hearing/bid opening/etc., which is scheduled for \_\_\_\_\_, 200\_\_.

**AUTHORITY SOURCE FOR PUBLICATION REQUIREMENT:** N/A

**Federal Codes:**

Title \_\_\_\_\_ U.S.C. § \_\_\_\_\_  
(Titles run 1 through 50)

**California Codes:**

Code \_\_\_\_\_ § \_\_\_\_\_  
(i.e., Government, Street and Highway, Public Resources)

**Federal Regulations:**

Title \_\_\_\_\_ C.F.R. § \_\_\_\_\_  
(Titles run 1 through 50)

**California Regulations:**

Title \_\_\_\_\_ California Code of Regulations § \_\_\_\_\_  
(Titles run 1 through 28)

**City**

City Charter § \_\_\_\_\_ (i.e., 1310. Public Works Contracts. Notice published at least once at least ten days before bid opening)

City Code § \_\_\_\_\_

1. As to City Functions, by

Kevin L. Riley  
Department Head

2. As to Legality, by

Lindsay Speck HL  
City Attorney's Office 08. 0814

3. As to Environmental  
Impact Requirements, by

Kevin L. Riley  
Director of Planning and Inspection

4. As to Substance, by

Carol McCarthy  
City Manager